GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:812
ANSWERED ON:22.11.2002
RELAXATION TO MNCs FOR FDI
DR. KIRIT SOMAIYA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government have received representations/suggestions from US Government to give relaxation to Coca Cola, Pepsi and other companies;

(b) if so, the details thereof;

(c) the conditions laid down for multi-national companies to tap Indian capital market via Indian Public Offer (IPO);

(d) whether many MNCs have approached the Government to give relaxation about IPOs;

(e) if so, the details thereof;

(f) whether SEBI, MPs and other organisations have urged the Government to make it compulsory to MNCs to go for IPO; and

(g) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) & (b): Certain references were received from the US authorities regarding the divestment condition in respect of Hindustan Coca-Cola Holdings Pvt. Ltd.

(c): Hindustan Coca-Cola Holdings Pvt. Ltd. was required to fulfill thedivestment condition by way of Indian participation of upto 49% in Hindustan Coca- Cola Beverages Pvt. Ltd., its wholly owned subsidiary, over a period of five years,i.e., by 16.7.2002. As per this condition, Indian participation can be in the form of participation by individuals/joint venture partners or general public or both.

(d) & (e): A few FDI enterprises had approached FIPBfor relaxation of divestment condition which has not been agreed to. In the case of Hindustan Coca- Cola Holdings Pvt. Ltd., the company approached the Government for grant ofextension of time to complete the divestment process indicating the steps taken / proposed to be taken by them for completion of the divestment exercise. Based on these submissions, the Government allowed extension of time to Hindustan Coca- Cola Holdings Pvt. Ltd. up to 28.2.2003 for implementing the divestment condition.

(f) & (g): No specific proposal in this regard is under consideration of the Government.